

Imperial Oil Limited invites you to attend the annual meeting of shareholders April 21, 1986

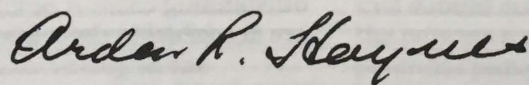
It's my pleasure to invite you to attend your company's annual meeting of shareholders, to be held in the Canadian Room of the Royal York Hotel, 100 Front Street West, Toronto, Canada, on Monday April 21, 1986, at 11 a.m., local time.

The meeting is called to consider the consolidated financial statements for the year ended December 31, 1985, the auditors' report, and receive a report of the company's operations for 1985 and the first quarter of 1986.

Shareholders will also be asked to elect directors, reappoint the auditors, and transact other business that may properly be brought before the meeting.

The management proxy circular, which includes information meeting regulatory requirements, the proxy form, and the company's 1985 annual report are enclosed. They contain information of importance to every shareholder and I encourage you to read them.

If you are unable to attend the meeting in person, we'd appreciate your support and participation by completing and returning your proxy so that your wishes may be known and your votes recorded.



Arden R. Haynes,
Chairman of the board, president and chief executive officer

111 St. Clair Avenue West, Toronto, Canada, M5W 1K3
March 24, 1986

Management proxy circular

(dated as of Feb. 28, 1986)

This circular is furnished in connection with the solicitation by the board of directors of Imperial Oil Limited (the company) of proxies to be used at the annual meeting of shareholders to be held at the time and place and for the purposes indicated in the invitation to attend the meeting.

Proxies will be solicited primarily by mail, but may also be solicited personally by employees. The company will bear the cost of the solicitation.

How your proxies will be used

Shares represented by any proxy in the accompanying form or any other valid proxy will be voted or withheld from voting in accordance with the instructions given by the shareholder on any ballot that may be called for.

In the absence of instructions, the shares will be voted for the election of directors and the reappointment of the auditors, as stated in bold type on pages three and eight.

The accompanying form of proxy confers discretionary authority on the persons named in it with respect to amendments to matters identified in the invitation to attend the meeting or other matters that may properly come before the meeting. At the date of this management proxy circular, the board of directors of the company was not aware that any such amendments or other matters were to be presented for action at the meeting.

If you wish to revoke your proxy

In addition to revocation in any other manner permitted by law, a shareholder may revoke the proxy by an instrument in writing executed by the shareholder (or by the shareholder's attorney authorized in writing) and deposited either, (a) at the registered office of the company at 111 St. Clair Avenue West, Toronto, Canada at any time up to and including the last business day preceding the day of the meeting, or an adjournment thereof, at which the proxy is to be used or, (b) with the chairman of the meeting on the day of the meeting or an adjournment thereof.

Information about your voting rights

As of February 28, 1986, there were 162 380 458 Class A convertible shares and 1 233 976 Class B convertible shares outstanding. Holders of Class A and B shares are entitled to one vote for each share shown as registered in the holder's name in the list of shareholders. At class meetings, only the holders of that class of shares are entitled to vote. The list of shareholders is available for inspection during business hours at the registered office of the company at 111 St. Clair Avenue West, Toronto, Canada, and at the annual meeting.

The list of shareholders was prepared as of the close of business on March 21, 1986, being the business day immediately preceding the day on which the invitation to attend the annual meeting was given. A person who has acquired ownership of shares since the date of the list of shareholders may establish such ownership and, not later than ten days before the annual meeting, arrange that the person's name be included in the list of shareholders.

Largest shareholders

As of February 28, 1986, the only shareholders who owned of record or, to the knowledge of the management of the company, owned beneficially, directly or indirectly, more than five percent of the outstanding Class A or Class B shares of the company are described in the table following on page three.

Title of class	Name and address	Amount and nature of ownership	Percent of class	Percent of total shares
Class A convertible shares	Exxon Corporation, 1251 Avenue of the Americas, New York, New York 10020	113 874 815 shares owned of record and beneficially	70.128	69.6
Class B convertible shares	Newbell & Co., (1) c/o Royal Trust Company, P.O. Box 730, Place d'Armes, Montreal, Quebec H2Y 3J1	524 357 shares owned of record	42.493	0.32
Class A convertible shares	C.D.S. & Co., (1) 2 First Canadian Place, P.O. Box 32, Toronto, Ontario M5L 1A9	13 941 731 shares owned of record	8.586	8.56
Class B convertible shares	C.D.S. & Co., (1) 2 First Canadian Place, P.O. Box 32, Toronto, Ontario M5L 1A9	64 497 shares owned of record	5.226	
Class B convertible shares	City Treasurer, Corp. of the City of Ottawa, In Trust for City of Ottawa Superannuation Fund, 111 Sussex Drive Ottawa, Ontario K1N 5A1	90 032 shares owned of record	7.296	0.06

(1) To the company's knowledge, these are nominees in whose names shares are registered on behalf of a number of beneficial owners.

Your board of directors

The board of directors consists of ten directors. Each director is elected to hold office until the close of the next annual meeting.

Unless it is specified in a proxy that the shares it represents shall be withheld from voting in the election of directors, the persons named in the accompanying form of proxy as potential proxyholders intend to vote the shares it represents for the election of the nominees whose names follow, all of whom are now members of the board of directors and have been since the dates indicated.

The board of directors does not expect that any of the nominees will be unable to serve as a director but, if that should occur for any reason prior to the meeting, the persons named in the accompanying proxy as potential proxyholders reserve the right to vote the shares it represents for another nominee at their discretion unless the proxy specifies that the shares are to be withheld from voting in the election of directors in respect of all nominees.

The table following on page four provides information on the nominees for election as directors.

Name, age and current principal occupation or employment	Director since	Shares of Imperial Oil Limited beneficially owned (1)		Shares of Exxon Corporation beneficially owned (1)
		Class A	Class B	
John E. Akitt, 53, president, Esso Chemical Canada, a division of Imperial Oil Limited	April 23, 1985	1 204	—	—
J. Bruce Buchanan, 56, vice-chairman, British Columbia Packers Limited (fish and seafood)	Sept. 24, 1979	120	—	—
J.V. Raymond Cyr, 52, chairman and chief executive officer, Bell Canada (supplier of telecommunications services and equipment)	April 23, 1985	200	—	—
Pierre Des Marais II, 51, president, Pierre Des Marais Inc. (printing and lithography)	April 22, 1977	120	—	—
Arden R. Haynes, 58, chairman of the board, president and chief executive officer, Imperial Oil Limited	April 23, 1982 (2)	115	5 964	10
Muriel Kovitz, 60, president, Murko Investments Ltd. (property livestock)	April 22, 1977	1 320	—	—
William A. Macdonald, Q.C., 58, partner, McMillan, Binch (barristers and solicitors)	April 22, 1977	120	—	—
Robert B. Peterson, 48, executive vice-president and chief operating officer, Imperial Oil Limited (3)	October 1, 1984	100	2 288	—
Gordon H. Thomson, 44, president, Esso Petroleum Canada, a division of Imperial Oil Limited	April 23, 1985	340	—	—
William J. Young, 58, executive vice-president and chief financial officer, Imperial Oil Limited	August 1, 1975	2 000	—	1 000
Nominees, officers and vice-presidents as a group (4) (A listing of officers and vice-presidents is on page 5.)		15 425	10 191	1 010

(1) This information not being within the knowledge of the company, has been provided by the nominees, the officers and vice-presidents individually.

(2) Arden R. Haynes was previously a director of the company from April 22, 1974 to August 31, 1978.

(3) Robert B. Peterson is also chairman of the board and a director of Esso Resources Canada Limited, a wholly-owned significant subsidiary of Imperial Oil Limited.

(4) The nominees, officers and vice-presidents as a group own beneficially approximately 0.02 percent of the total number of outstanding shares of the company.

All of the nominees have been engaged for more than five years in their present principal occupations or in other executive capacities with the same firm or affiliated firms.

The following nominees are also directors of companies which are subject to reporting requirements under the U.S. Securities Exchange Act of 1934.

Director	Company
J.V. Raymond Cyr	Bell Canada Enterprises Inc.
Pierre Des Marais II	Carling O'Keefe Limited
Arden R. Haynes	Power Corporation of Canada
Robert B. Peterson	Interprovincial Pipe Line Limited (1)
Gordon H. Thomson	Interprovincial Pipe Line Limited
William J. Young	Interprovincial Pipe Line Limited

(1) Imperial Oil Limited owns 22 percent of the voting shares of Interprovincial Pipe Line Limited.

The board of directors holds regular meetings and has established a number of committees to deal with particular areas of responsibility. The board of directors met 11 times in 1985 with attendance averaging 91.4 percent. Additional information on the committees of directors can be found in the company's 1985 Annual Report to Shareholders, pages 59 and 60, which information is incorporated herein by reference.

The nominations committee, which recommends to the board the slate of director candidates to be proposed for election by the shareholders at the annual meeting, does not consider director candidates recommended by shareholders. According to the Canada Business Corporations Act, a shareholder who wishes to nominate director candidates may do so at the annual meeting and, subject to the requirements of the Act in that respect, may submit to the company a proposal to nominate director candidates. Such a proposal may be included in the management proxy circular for consideration by the shareholders at the next annual meeting provided that the proposal is signed by one or more shareholders who in the aggregate represent at least five percent of the shares of the company entitled to vote at the meeting, as provided in the Act.

The officers and vice-presidents of your company

Name, age, and office	Office held since
Arden R. Haynes, 58, chairman of the board, president (1) and chief executive officer	April 23, 1985
Robert B. Peterson, 48, executive vice-president and chief operating officer	April 23, 1985
William J. Young, 58, executive vice-president and chief financial officer	April 23, 1985
John E. Akitt, 53, vice-president and president of Esso Chemical Canada	Aug. 1, 1981
William E. Beacom, 55, vice-president and comptroller	Sept. 1, 1980
Robert A. Burnside, 52, vice-president, corporate business development and technology	Sept. 1, 1985
Arthur F. Gomm, 53, vice-president, operations planning and coordination	Dec. 1, 1984
H. Gordon Jarvis, 51, vice-president and treasurer	Dec. 1, 1983
Robert E. Landry, 56, vice-president	Dec. 1, 1978
William J. Mann, 43, vice-president, human resources	Jan. 1, 1984
Richard J. Michaelides, 52, general secretary	Mar. 15, 1982
George A. Rogers, Q.C., 57, vice-president and general counsel	Nov. 19, 1976
Gordon H. Thomson, 44, vice-president and president of Esso Petroleum Canada	July 15, 1982

(1) Arden R. Haynes was appointed president on October 1, 1982.

All of the officers and vice-presidents have been engaged for more than five years at their current occupations or in other executive or employee capacities with the company or its affiliates. All officers and vice-presidents hold office until their appointment is rescinded by the board of directors, or by the chief executive officer.

The remuneration of your directors and management

	NATURE OF REMUNERATION EARNED (DOLLARS) IN 1985					
	Directors Fees (1)	Salaries (2)	Bonuses	Non- Accountable Expense All.	Others (3)	Total
REMUNERATION OF DIRECTORS	197 546	1 940 123	480 000	not applicable	not applicable	2 617 669
(A) Number of directors: 10 current and 1 former						
(B) Body Corporate incurring the expense: Imperial Oil Limited						
REMUNERATION OF OFFICERS AND VICE-PRESIDENTS who were not directors	not applicable	1 728 869	288 000	not applicable	78 000	2 094 869
(A) Number of officers and vice-presidents: 8 current and 1 former						
(B) Body Corporate incurring the expense: Imperial Oil Limited						
TOTALS	197 546	3 668 992	768 000		78 000	4 712 538

(1) Directors' fees were paid only to non-employee directors. Non-employee directors are paid an annual fee of \$12 000 for their services as directors, plus \$2 000 for each committee on which they serve, an additional \$1 000 if they serve as chairman of a committee and \$750 for each board or committee meeting attended.

(2) Consists of salaries and company contributions to the Employees Financial Program. Employee contributions to the Employees Financial Program are matched by the company to a maximum of five percent of base salary.

(3) Consists of retiring allowances which may be paid to selected employees.

The five most highly compensated executives of the company in 1985 were:

	Remuneration paid in 1985 (1) (dollars)
Arden R. Haynes	587 875
William J. Young	415 500
Robert B. Peterson	412 625
John E. Akitt	339 750
Gordon H. Thomson	332 500

(1) Consists of salaries, bonuses, and company contributions to the Employees Financial Program. Employee contributions to the Employees Financial Program are matched by the company to a maximum of five percent of base salary.

Apart from the compensation set out in the preceding table and under the plans described on the following pages, the aggregate cost of other compensation which was not received as cash for service during 1985 by the five employee directors and one former director, as a group, and by the officers and vice-presidents who were not directors, and one former vice-president, as a group, was not more than \$70 000 and \$60 000 respectively.

Long-term incentive compensation

Additional compensation is granted to attract and retain promising employees and reward them for high performance. The additional compensation is in the form of units. The potential value of each unit is keyed to the higher of two amounts: (1) the excess, if any, of the earnings per share in the year prior to exercise over a base value determined from previous earnings per share or, (2) the excess, if any, of the market price per Class A share at the time of exercise over a base value determined from previous share prices. The value, if any, is payable by the company when the employee exercises the unit or in such other manner as the company deems appropriate. Each unit is exercisable during a specified number of years beginning after a fixed period.

The following table provides certain information concerning units of compensation granted under this plan.

	Units granted during 1985 (1)	Cash realized during 1985 on exercise of units granted in previous years (dollars)
Arden R. Haynes	12 180	17 150
William J. Young	8 380	201 928
Robert B. Peterson	8 380	—
John E. Akitt	7 080	273 392
Gordon H. Thomson	6 910	112 087
20 directors, officers, and vice-presidents as a group (including one former director and one former vice-president) (2)	72 970	1 036 772

(1) These units are not currently exercisable. Payment on exercise of these units would be based on an increase, if any, over \$2.42 in earnings per share in the year prior to exercise or over \$46.13 in the market price of a Class A share, subject to a maximum limitation.

(2) As of February 28, 1986, the company has accrued \$6 955 662 in respect of future payments under this plan to this group.

Payments to employees who retire

The company's pension plan applies to almost all employees. The plan provides an annual pension of a specified percentage of an employee's "final three year average earnings," multiplied by the employee's years of service, subject to certain age and service requirements. The aggregate cost to the company and its subsidiaries in 1985 of all pensions proposed to be paid under this plan to directors, officers, and vice-presidents as a group, assuming continuation of service until retirement at the age of 65, is estimated to be \$152 012.

In addition to the pension payable under the plan, the company has paid and may continue to pay a supplemental retirement allowance to selected executives. The following table shows the estimated undiscounted annual payments, consisting of pension and supplemental retirement allowance, payable on retirement to persons in specified classifications of remuneration and years of service. The remuneration used to determine the payments on retirement to each of the five individuals named in the remuneration table on page six corresponds generally to the remuneration shown in that table. As of February 28, 1986, the number of years of service under the pension plan were 35 for Arden R. Haynes, 25 for William J. Young, 26 for Robert B. Peterson, 31 for John E. Akitt and 22 for Gordon H. Thomson.

Remuneration for determining payments on retirement (dollars)	Estimated undiscounted annual payments on retirement after years of service indicated below (dollars)			
	20 years	25 years	30 years	35 years
250 000	80 000	100 000	120 000	140 000
300 000	96 000	120 000	144 000	168 000
350 000	112 000	140 000	168 000	196 000
400 000	128 000	160 000	192 000	224 000
450 000	144 000	180 000	216 000	252 000
500 000	160 000	200 000	240 000	280 000
550 000	176 000	220 000	264 000	308 000
600 000	192 000	240 000	288 000	336 000
650 000	208 000	260 000	312 000	364 000
700 000	224 000	280 000	336 000	392 000
750 000	240 000	300 000	360 000	420 000

Certain transactions with Exxon Corporation

The net amount incurred by the company on transactions with Exxon Corporation and affiliates of Exxon was \$244 million in 1985. The terms of the transactions were competitive or as favourable as they would have been with unrelated parties. The transactions were to maintain supplies of crude oil, petroleum and petrochemical products to customers. Transportation, technical and engineering services were also performed and received. Exxon owns 69.6 percent of the outstanding voting shares of the company.

Liability insurance

Liability insurance in the amount of \$25 000 000 per policy year is purchased for the benefit of directors, officers, and vice-presidents of the company and its wholly-owned subsidiaries against liability incurred by them in such capacities.

In 1985, the approximate amount of premium paid for this insurance was \$34 000. The premium is paid without distinction as to directors as a group or officers and vice-presidents as a group and the total cost of the insurance is paid by the company.

In the case of events for which the company is not permitted by law to reimburse the insured, there is no deductible. Where the company is permitted to reimburse the insured, the deductible is \$100 000.

Reappointment of the auditors

Price Waterhouse have been auditors of the company for more than five years. Representatives of Price Waterhouse are expected to be present at the annual meeting with the opportunity to make a statement if they desire to do so. Such representatives are expected to be available to respond to appropriate questions.

Unless it is specified in a proxy that the shares it represents shall be withheld from voting or voted against in the reappointment of the auditors, the persons named in the accompanying form of proxy as potential proxyholders intend to vote the shares it represents for the reappointment of Price Waterhouse as auditors of the company to hold office until the close of the next annual meeting.

If you have a proposal

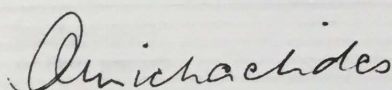
According to the Canada Business Corporations Act, a notice of any shareholder's proposal which meets the provisions of that Act, and is intended to be presented at the next annual meeting of shareholders, must be received by the company no later than January 22, 1987 for inclusion in the company's management proxy circular and form of proxy relating to that meeting.

Other business

The management is not aware of any matters to be presented for action at the annual meeting other than the items set forth in the invitation to attend the meeting.

The directors have approved the contents and the sending of this circular to shareholders.

Imperial Oil Limited



R.J. Michaelides
General secretary

Toronto, Canada
February 28, 1986